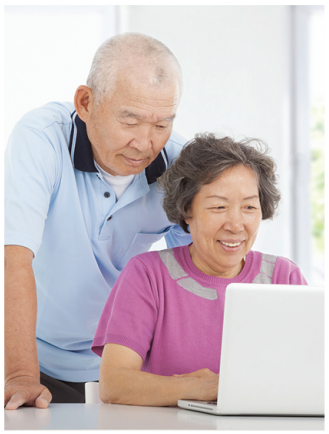
CLHIA REPORT ON LONG-TERM CARE POLICY

IMPROVING THE ACCESSIBILITY, QUALITY AND SUSTAINABILITY OF LONG-TERM CARE IN CANADA

UPDATED ON JULY 29, 2014



EXECUTIVE SUMMARY

The face of health care in Canada is changing. Shorter hospital stays, more outpatient treatment and an aging population with longer life expectancy are increasing the need for long-term care for many Canadians. Moreover, the demand for long-term care in Canada will increase dramatically as the baby boomer generation passes through old age. As a result, Canada is facing a significant and growing challenge with respect to ensuring that Canadians will have access to quality long-term care as they age.

This paper examines the future cost of long-term care in Canada over the next 35 years to support the baby boomers as they pass through old age and concludes that a significant funding gap exists. Conservatively, the cost in current dollars, of providing long-term care over this timeframe is almost $1.2 trillion. Current levels of government program and funding support will cover about $595 billion of this total cost. As a result, Canadians currently have an unfunded liability for long-term care of $590 billion which is the equivalent of 94 percent all individual registered savings plans in Canada today.[1]

Engaging in structural reform to transition patients to the most appropriate long-term care setting will not only enhance patient care, but will generate significant efficiency savings to governments of over $139 billion. These savings can then be re-invested into other long-term care initiatives to further improve patient care and address the funding shortfall. To this end, this paper proposes a number of recommendations organized around the following themes:

- Encouraging Canadians to save for long-term care;
- Patient centered approach to long-term care;
- Restructuring of long-term care to recognize the continuum of care;
- Ensuring sufficient capacity of long-term care; and
- Encouraging health and wellness promotion.

Given the magnitude of the challenge, action is required now to ensure that Canadians will have access the long-term care that they will need. The Canadian life and health insurance industry stands ready to play an important role in supporting governments and stakeholders in the reform that will prepare the long-term care system to meet future demands.

[1] Statistics Canada, http://www.statcan.gc.ca/pub/11-402-x/2010000/chap/pensions/c-g/desc/desc02-eng.htm.

CLHIA REPORT ON LONG-TERM CARE

INTRODUCTION

The face of health care in Canada is changing. Shorter hospital stays, more outpatient treatment and an aging population with longer life expectancy are increasing the need for continuing care for many Canadians.

Long-term care is most appropriately thought of as a continuum of care. It starts from the point where an individual requires regular assistance with aspects of their day-to-day living and can include medical and non-medical care. Long-term care can range from periodic support in the home through to more formalized institutional care. The types of specialized care could include weekly assistance getting to and from appointments or buying groceries to more formal housing, medical, nursing, social or therapeutic treatments.

Often, we think of the need for continuing or long-term care as applying to the elderly and the need for care in a nursing home. While the majority of individuals requiring assistance are seniors, this represents only part of the picture.[2] There may also be circumstances in a younger person's life when long-term care could be required. The development of an unexpected debilitating illness or an accident could result in the need for around-the-clock care for a person of any age. That being said, the bulk of the stress on Canada's long-term care infrastructure will come from our aging demographics.

Canada is facing a growing challenge with respect to how best to provide quality long-term care support to its citizens. The aging demographic is critical to understanding the future pressures on long-term care in Canada. Last year marked the year that baby boomers[3] began to retire. This group currently accounts for 33 per cent of the population in Canada. There are currently about 14 per cent of Canadians that are over the age of 65. An analysis of today's demographics suggests that by the year 2036, 25 per cent of the entire population will be over the age of 65. Even though we are living longer, the older we get, the more likely we will be managing a chronic disease and the more likely that we will need some degree of support - either in the home or in an institutional setting. According to Statistics Canada, the chances of requiring long-term care are one in ten by age 55, three in ten by age 65 and five in ten by age 75.[4]

The following examples illustrate the importance of age-related health issues and put the aging of our population in context. Currently:

- 225,000 Canadians turn 65 each year;
- about 7 per cent of Canadians over the age of 65 reside in health care institutions;
- one in 11 Canadians over the age of 65 is affected by Alzheimer's disease or a related dementia;

[2] Data reported by the Canadian Healthcare Association in *New Directions for Facility Based Long-term Care* shows that over 95 per cent of those in special care facilities (i.e., nursing homes, residences for senior citizens, and chronic and long-term care and related facilities) were over the age of 55.
[3] Baby boomers are those individuals born between 1946 and 1962.
[4] Statistics Canada: Health Expectancy in Canada.

- about 50,000 strokes occur in Canada each year, with stroke being the leading cause of transfer from a hospital to long-term care.

Undoubtedly, as the relative age of Canadians rises in the coming decades, the absolute numbers will rise dramatically and put increasing pressure on the capacity of long-term care in Canada. Given the above, this implies there will be almost 1 million Canadians with dementia by 2036 compared to about 450,000 today.[5] Moreover, it can be extrapolated that over 750,000 Canadians over the age of 65 will reside in health care institutions by 2036 compared to about 300,000 today.[6] It is important that governments, providers and individual Canadians take appropriate actions in the short-term so that we can meet these expected longer-term demands for long-term care.

Long-term care is not included under the *Canada Health Act* and, therefore, is not available to Canadians on a universal basis. Unfortunately, many Canadians continue to have the mistaken belief that all of their long-term care needs will be met by governments. While there are government programs aimed at assisting Canadians with long-term care needs, these programs vary by jurisdiction and typically are income-based. Canadians need to understand that in many cases they will be largely responsible for the cost of their long-term care needs. Policies need to be put in place now to help mitigate against the considerable stresses on our long-term care infrastructure that that the aging baby boomer generation will likely generate.

GUIDING PRINCIPLES

The remainder of this policy paper presents actionable recommendations to help Canadians and Canadian governments address the coming long-term care challenge. The recommendations are grounded in some fundamental principles that we believe should guide policy makers in this regard:

1. **Accessibility:** All Canadians should have access to the appropriate level of long-term care support when they need it.

2. **Intergenerational Fairness**: The financial burden of providing for long-term care services should not fall disproportionately on one generation.

3. **Quality Services:** Canadian should have access high quality long-term care services.

4. **Sustainability:** The long-term care system should operate within Canada's economic capacity over time.

[5] Statistics Canada estimates that there will be 43.8 million Canadians in 2036. The estimate was then derived by assuming 25 per cent of the population will be over 65 years of age and that one in 11 will have dementia.

[6] Currently, 7 per cent of Canadians age 65 and over reside in health care institutions. By 2036, 25 per cent of the population will be over the age of 65. We estimate a 1 per cent growth rate in the Canadian population each year between now and then. According to the Canadian Healthcare Association (*New Directions for Facility-Based Long-term Care*) there were about 300,000 Canadians living in nursing homes, residences for senior citizens, and chronic and long-term care and related facilities.

ANALYSIS AND RECOMMENDATIONS

The CLHIA puts forward a number of recommendations for government and stakeholder consideration. The recommendations are grouped into six broad areas:

- structural reform to address the funding shortfall;
- encouraging Canadians to save for long-term care;
- patient centered approach to long-term care;
- restructuring of long-term care to recognize the continuum of care;
- ensuring sufficient capacity of long-term care providers; and
- encouraging health and wellness promotion.

1. STRUCTURAL REFORM TO ADDRESS THE FUNDING SHORTFALL

Over the next 35 years, as the baby boomer generation passes through old age, long-term care costs will rise dramatically. Long-term care costs fall under the category of 'extended health care services' in the *Canada Health Act* and therefore can be charged for at either partial or full private rates. The support that is offered through continuing care programs in the provinces and territories varies greatly in terms of eligibility, scope and coverage and user fees. Unless they qualify for government support programs, Canadians are responsible for their own long-term care costs. Nevertheless, many Canadians continue to believe that there are existing government programs that will cover their long-term care needs.

Currently, long-term care is delivered in a range of settings including acute care hospitals, institutional long-term care facilities and care at home. The cost per day of providing support varies dramatically depending on the type of setting. For example, the North East Ontario Local Health Integration Network (LHIN) found that the average daily cost of a hospital bed, long-term care bed and home care are $842, $126 and $42, respectively.[8]

Table 1: Costs of Different Types of Care Treatment[7]

Type of Care	***Average Daily cost ($)***
Hospital bed	842
Long-term care bed	126
Home Care	42

In Canada today, on a daily basis:

- 7,550 of hospital beds, or roughly 7 per cent of all hospital beds in Canada, are taken up by individuals receiving long-term care,[9]
- 7 per cent of Canadians age 65 and older reside in long-term care facilities,[10] and
- 8 per cent of Canadians aged 65 to 74, 20 per cent aged 75 to 84 and 42 per cent over 85 years of age receive home care.[11]

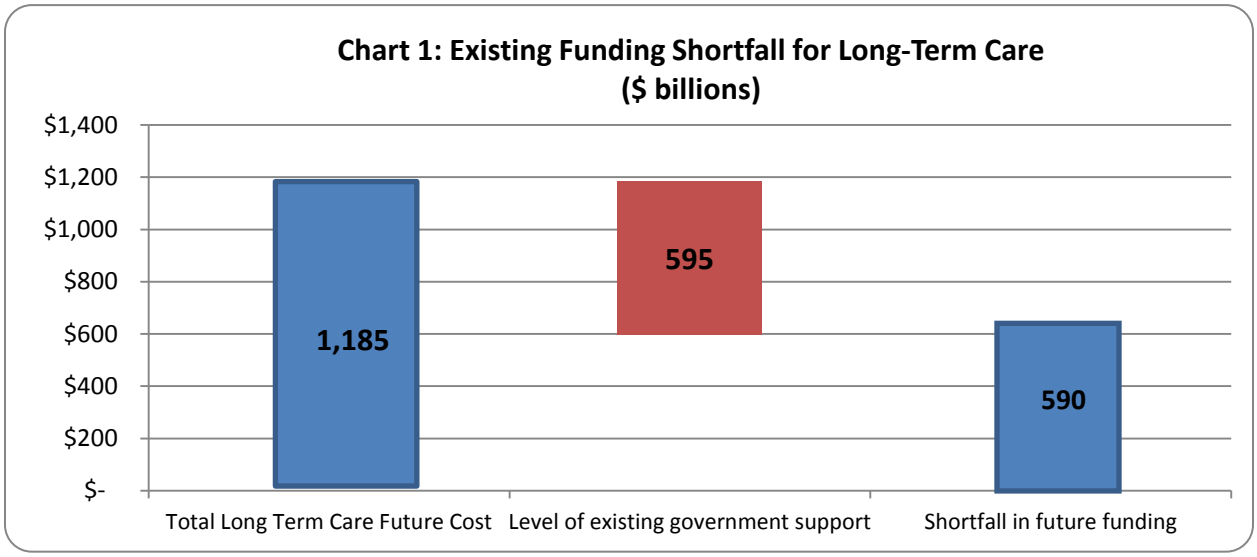
[7, 8] North East LHIN. (2011) HOME First Shifts care of Seniors to HOME. LHINfo Minute, Northeastern Ontario Health Care Update. http://www.nelhin.on.ca/WorkArea/showcontent.aspx?id=11258

[9] Dr. Jeffrey Turnbull, President, Canadian Medical Association, February 2011, OECD Health Data 2011 and CLHIA calculations.

[10] Sun Life Financial, http://www.sunlife.ca/Plan/Health/Long+Term+Care+Insurance+-+Do+I+need+it?vgnLocale=en_CA

Conservatively, it is estimated that over the next 35 years, as the boomer generation passes through their old age, the current long-term care liability facing Canadians is just short of $1.2 trillion.[12] To put this figure into perspective, this is roughly equivalent to the market value of all public and private retirement assets held by Canadians in registered pension plans in Canada in 2009.[13]

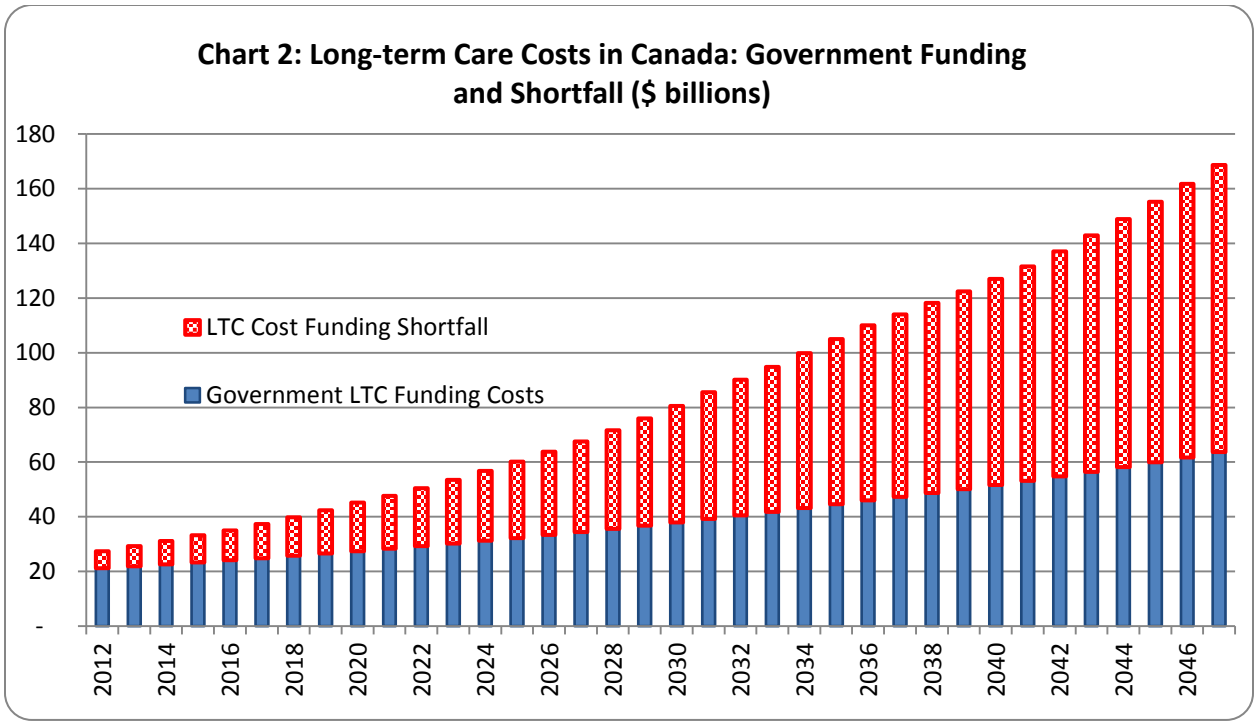
There are a variety of government supports currently in place in Canada that provide coverage for long-term care (both institutional and home care). However, at current levels, support will fall well short of what is required. Indeed, we estimate that at current levels of coverage, all governments in Canada have programs in place that will cover roughly $595 billion of future long-term care costs over the next 35 years. Clearly, this is well short of what is needed and leaves a funding shortfall of just over $590 billion to be financed either through new government initiatives or individual savings by Canadians.



Some may argue that the funding shortfall should be eliminated solely by an increase in government programs and spending. However, as illustrated in the Chart 2 below, the annual shortfall between the total expected future long-term care costs and projected government funding is expected to grow significantly over time. In order for governments to cover this shortfall there would need to be an immediate and permanent increase to both personal and corporate taxes, at all levels of government (federal, provincial and municipal), of roughly 6.4 per cent.[14] We do not view this approach as practical or desirable given the current economic and fiscal environment, as well as the significant additional burden that this would place on the younger working age population. The resulting negative impact on economic competitiveness, as well as intergenerational transfer of liability that this represents, suggests that a more balanced approach is needed than simply to rely on a tax funded pay-as-you go system. It is also important to note that given that the funding shortfall increases significantly over time, early action will be rewarded in addressing future funding of long-term care.

---

[11] Canadian Home Care Association. *Access to Quality Health Care: The Home Care Contribution*. April 2011.
[12] A summary of assumptions and methodology for this estimate is provided in Annex 1.
[13] Statistics Canada, http://www.statcan.gc.ca/daily-quotidien/110509/dq110509a-eng.htm
[14] Further information on how the tax increase was calculated can be found in Annex 1.



Funding Long-term Care Improvements with Savings from Structural Reform

Given the difference in costs across long-term care settings, there are significant cost savings, as well as likely improved health care outcomes, to be realized if patients are treated in the most appropriate and lowest cost settings possible. This augurs for a concerted effort at implementing fundamental structural reform to move individuals from high cost hospitals into lower cost long-term care settings as well as allowing individuals to stay in their homes longer.

For example, a Toronto Balance of Care project concluded that 37 per cent of those on the Toronto Central long-term care waiting list could potentially be supported safely and cost-effectively if they were to receive care in their own homes. In addition, we know that the vast majority of Canadians would prefer to receive care in their home rather than in an institutional setting.[15] As well, as noted above, there are 7,550 acute care beds that are taken up by individuals who should be in long-term care or in rehabilitation. This represents about 7 per cent of all hospital beds in Canada.[16] Not only are these individuals receiving a sub-optimal level of patient care, but the costs associated with this care are significantly more expensive than it needs to be. Shifting these patients to a more appropriate long-term care setting would free up capacity for those requiring a more intensive level of care.

If systemic reform was able to transition all those in a hospital setting to a more appropriate long-term care institution, the savings to the system would be roughly $77 billion over the time period examined. In addition, if we moved even 20 per cent of the resulting individuals out of long-term care institutions

[15] Pollara, *SSCA Procurement Review Quantitative Survey Results*, March 2005 survey found that 88% of Ontarians indicate a preference for home care for themselves.
[16] According to the OECD (*OECD Health Data 2011*), total hospital beds in Canada per 1,000 population is 3.3.

and provided them with support in the home, the savings would be an additional $62 billion. Together, structural reform to ensure long-term care patients are no longer cared for in acute care hospitals and that those that can, receive support in the home, would save governments just over $139 billion over the next 35 years. These savings to governments could be reinvested in a variety of long-term care initiatives to close the remaining funding shortfall while enhancing patient care. This approach does not require additional funding from governments over what is already committed to.

Embarking on fundamental structural reform, therefore, will not only improve patient care, but will provide meaningful fiscal capacity to governments. These savings can then be earmarked towards other important initiatives to achieving a high quality and sustainable long-term care infrastructure in Canada going forward. We outline a series of suggested initiatives in the subsequent sections of this paper.

Recommendation

The CLHIA recommends the federal and provincial and territorial governments set a target to eliminate the backlog of Canadians in acute care hospital bed waiting for long-term care facilities and a target of transitioning 20 per cent of those in long-term care facilities to a more appropriate home care setting over the next decade in order to generate savings which can then be reinvested into the long-term care system.[17]

2. ENCOURAGING CANADIANS TO SAVE FOR LONG-TERM CARE

While there has been growing media and government attention in recent years to help educate Canadians about the need to save for retirement, there has not been a commensurate focus on long-term care.[18] Furthermore, retirement planning generally focuses on maintaining a similar quality of life in retirement that one has maintained throughout his or her working years. In this regard, retirement needs are often estimated based on a percentage of income (e.g., 60 or 70 per cent) with the expectation that expenses will be lower in retirement (e.g., this may include assuming that a mortgage is no longer required and that expenses related to work are eliminated). Notably, when planning for retirement all too often long-term care needs, including the costs, are not considered. As a result, Canadians face a real and significant risk of not being financially prepared for the long-term care they will need in the future. Clearly the sooner Canadians understand their liability and put plans in place to deal with their possible long-term care costs the better.

There are existing incentives in the Tax Act to save for the future. However, they are currently being under-utilized and, as noted above, Canadians have not adequately prepared financially for their potential long-term care costs. Action is required. It is important to recognize that only a minority of Canadians will require long-term care through their old age. As a result, potential long-term care costs are an insurable risk and best addressed through an insurance approach.

[17] A list of all recommendations contained in this paper is set out in Annex 2.

[18] Examples of government initiatives on pensions include measures in 1997 to put the Canada Pension Plan on sound footing and the introduction of federal legislation for Pooled Registered Pension Plans in 2011.

Long-term care insurance is a supplemental coverage that may become payable when an individual is struck with a debilitating, severe or chronic illness. There are generally two types of long-term care insurance. One reimburses the insured for eligible expenses received on a given day, up to a pre-set maximum. The other is the income-style plan, which offers a pre-set monthly payment amount. Typically, benefits are payable when an individual can no longer perform at least two essential activities of daily living (e.g., bathing and dressing), or requires daily supervision because of a cognitive impairment.

As of 2010, there were only about 385,000 Canadians with long-term care coverage and the life and health insurance industry paid out total annual benefits of $12 million. It is clear that the long-term care insurance market in Canada is underdeveloped. This differs materially from the situation in the U.S., where the long-term care market is much more developed and consumers are more proactive in seeking coverage. There are over 10 million Americans that are protected by long-term care insurance.[19]

The difference between the U.S. and Canadian markets is likely due to several factors. For instance, Canadians generally do not understand that there are limited government programs to support long-term care, many of which are income tested. Therefore, in many cases governments will not cover the long-term care needs of Canadians. In addition, Canadians are generally sheltered from the costs of health care and, as a result, they are surprised at the price of long-term care solutions. As well, the U.S. provides tax credits for qualified long-term care insurance which provides a positive inducement to purchase long-term care insurance in the U.S.[20] Taken together, this impacts Canadians' relative demand for such coverage.

The CLHIA believes that governments have an important role to play in both educating Canadians about the need to save for their long-term care needs as well as incenting such activity. Accordingly, the CLHIA believes that governments should introduce a tax credit against the long-term care insurance policy premiums of qualified long-term care insurance.[21]

Recommendations

The CLHIA recommends that governments introduce a tax credit against the long-term care insurance policy premiums of qualified long-term care insurance.

The CLHIA recommends that federal, provincial and territorial governments in collaboration with key stakeholders develop an awareness campaign to educate Canadians on the responsibility they will have for funding their own long-term care needs as well as the existing options available to them. This could be rolled out in

[19] American Association for Long-term Care Insurance. *Long-term Care Insurance Information from America's Long-term Care Insurance Experts (http://www.aaltci.org).*

[20] American Association of Long-term Care Insurance, http://www.aaltci.org/long-term-care-insurance/learning-center/tax-for-business.php.

[21] Further detail on the industry's long-term care tax credit proposal can be found at *[insert link to LTC tax credit proposal on CLHIA website].*

conjunction with a subsidy offered by governments to promote self-funding of long-term care.

3. PATIENT CENTERED APPROACH TO LONG-TERM CARE

Patients must be allowed to grow old with dignity and honour, which means that individuals must have choice and the power to make decisions about their own living arrangements and care. Patient centered care is designed to meet the needs of the individual receiving care and treatment rather than having the patient fit into pre-existing institutional systems. This type of care sees patients as equal partners in planning, developing and assessing care to make sure it is most appropriate for their needs. It involves putting patients and their families at the heart of decisions. In this regard, patient centered care is respectful of, and responsive to, the preferences, needs and values of patients.

Research demonstrates that patient centered care improves the patient care experience and creates value for services (i.e., better services for money spent). In recent years, strategies used in the U.S. and U.K. to improve overall healthcare quality, such as public reporting and financial incentives, have emerged as policy-level drivers for improving patient centered care. There have also been initiatives in the Canadian provinces, such as British Columbia, Alberta and Ontario, that focus on patient centered funding. In its 2009 policy paper on health care[22], the CLHIA recommended that federal, provincial and territorial governments collaborate to take a patient centered approach to health care service delivery and funding to increase efficiencies and improve health outcomes for all Canadians. The CLHIA continues to recommend this approach, including for long-term care.

A critical implication of this principle is that Canada must move away from primarily funding institutions and services. Wherever possible, funding should be directed to the individual, who then is able to decide which facility or which level of care along the continuum is most appropriate for them. There are some legitimate concerns about how to ensure that such funds are directed appropriately to long-term care, particularly for patients whose mental competency has started to decline. We would encourage all providers of long-term care funding to consider innovative approaches to address this concern such as having providers invoice the funders for services rendered (like an insurer would with any extended healthcare service). This allows the funding body (government, insurer, family, etc.) to have some degree of oversight over how the funds are being spent, while providing incentives for providers to compete and innovate for the benefit of patients. It should be noted that this represents a fundamental shift in how governments currently fund other forms of healthcare such as hospitals and existing long-term care facilities.

Recommendations

The CLHIA recommends that a patient centered approach form the core of Canada's approach to long-term care service delivery. Any funding of long-term care should be directed to individuals rather than funding institutions directly.

[22] *CLHIA Report on Health Care Policy: Towards a Sustainable, Accessible, Quality Public Health Care System*. June 2009.

The CLHIA recommends that Canadians be empowered to make choices under a patient centered care approach, including whether to obtain care at home or in an institution setting.

4. RESTRUCTURING OF LONG-TERM CARE TO RECOGNIZE THE CONTINUUM OF CARE

Long-term care is a continuum that includes various degrees of support through informal care, home care and institutional care. Unfortunately, the current system does not reflect this. Canadians currently have a very siloed system marked by a lack of coordination between institutional structures. As a result, particularly from a patient perspective, the system is complex to navigate. This complexity increases stress on the individual and those that act of behalf of the patient to help with care needs (e.g., informal caregivers). The lack of coordination across various institutional supports also leads to significant inefficiencies in the system as different types of care are provided without an overall coordinated approach. As a result, resources are not optimally allocated to where they are needed most and duplication can occur.

It is important that we focus on ways to seamlessly transition individuals along the continuum as their needs change. A key implication of this recommendation is that change to the current system is required to break down the silos that exist. One model that shows promise in this regard is all-in-one or holistic organizations that provide the entire continuum of services to individuals. International experience, such as in New Zealand and Australia, has shown that care provided across the continuum can be extremely successful both from a cost and quality of life perspective.

Reform that moves Canada from its current fragmented system into a more uniform and coordinated system would yield benefits for both patients and providers of care. Organizations that provide the full range of services or can demonstrate that they effectively and efficiently integrate with other organizations along the continuum of care should be encouraged over siloed operations. In particular, the allocation of potential funding from government should favour those that are part of a formal network of organizations, or organizations that offer the full range of care options over those that do not.

As mentioned, one area of stress for Canadians currently is how best to navigate within the current system. The creation of a single point of contact for the long-term care system would be very beneficial. In addition, the creation of a coordinator role or patient advocate who would guide patients through the continuum of care would help to ensure seamless transition along the continuum.

Recommendations

To the extent that governments are involved in the funding of long-term care facilities, the CLHIA recommends that future funding be prioritized to organizations that offer the full range of long-term care services themselves, or that can demonstrate that they effectively and efficiently integrate with organizations across the continuum of care.

The CLHIA recommends that patient advocates be created that can act as a point of contact for those seeking long-term care and to help them more effectively navigate the system.

5. ENSURE SUFFICIENT CAPACITY OF LONG-TERM CARE

It will be important to ensure sufficient capacity in the system to cope with the demand for long-term care as Canadians age. This includes the capacity in long-term care facilities and that there exists the appropriate number of health care professionals to provide treatments both long-term care facilities and through home care.

Long-term Care Facility Capacity

Long-term care facilities are dealing with capacity challenges. There are currently about 300,000 people residing in long-term care facilities in Canada.[23] As discussed above, we know that even today there are capacity issues given the number of Canadians in hospitals waiting for appropriate long-term care beds to become available. Reports indicate that the number of seniors designated as 'alternate level of care' in acute or complex care hospitals almost doubled between 2005 and 2008.[24] As a result, the overall wait times for individuals seeking placement in long-term care facilities has increased dramatically. For example, in the last quarter of 2008-2009, the median wait time for placement in Ontario was 103 days for urgent cases and up to 618 days and beyond for others, depending on the region.[25]

While there is a problem today, given the age demographics, the problem will only grow. If we assume residency rates of the present population, it can be predicted that Canada will need over 800,000 long-term care beds by the year 2047 – over 2.5 times what we have now. Even if we assume a much greater use of home care for Canadians, there will be a significant increase in the number of facilities required for the long-term care needs of Canadians. Indeed, based on the average size of current long-term care facilities in Canada, to meet this future demand Canada will need almost 6,000 addition long-term care facilities to be built over the next 35 years. This works out to almost 170 new facilities per year over this period.[26]

Given the magnitude of the issue, as well as the current fiscal challenges facing governments, governments will not be able to provide all the funding for new facilities. It is critical, therefore, that both the private and public sectors play a role in meeting this need. Private sector participation in the provision of long-term care would promote competition, which could lead to improved innovation of services, cost efficiencies and focusing on the patient in the long-term care market. In order to ensure

[23] Canadian Healthcare Association. *New Directions for Facility-Based Long-term Care*.
[24] Canadian Institute for Health Information, January 14, 2009. *Alternate level of care in Canada. Analysis in brief*.
[25] The Institute for Clinical Evaluative Sciences in Toronto and the Ontario Home Care Research Network. *Aging in Ontario: An ICES Chartbook of Health Service Use by Older Adults.*
[26] According to the Canadian Healthcare Association (*New Directions for Facility-Based Long-term Care*), in 2007 there were 2,577 long-term care facilities in Canada and 217,969 beds. Based on this we use average beds per facility to calculate the number of facilities required to meet expected future demand.

a vibrant private sector involvement in this market, it is important that no undue barriers to entry be created and that governments resist the temptation to apply price or cost controls on private facilities.

That being said, there is a critical role for regulation and supervision of the quality of care delivered at all stages of the long-term care continuum in both public and private facilities. Patient safety must not be sacrificed. We fully support appropriate regulation of the long-term care market and, in particular, that adequate resources be put into supervision of long-term care providers.

Health Care Practitioner Shortage

There is a shortage of health care practitioners - physicians, nurses, physiotherapists, nutritionists, chiropractors, etc. - that work in the area of geriatrics. For example, there are currently about 200 geriatric medicine specialists practicing in Canada.[27] In contrast, Sweden with a population less than one-third the size of Canada's has 500 geriatricians.[28]

The shortage is set to intensify over the coming years. Indeed, the number of internal medicine residents entering geriatric medicine programs has decreased dramatically over the last 10 years. The Canadian Geriatric Society reports that in 2007 there were only five trainees in English-speaking programs for the entire country. Similarly, care of the elderly family medicine training programs have many vacancies.[29]

In contrast to the U.S., Canadian specialists in geriatric medicine do not provide primary care. They act as a short-term resource to primary care physicians, and health care teams in the community, in hospitals and in long-term care facilities.

To fully address Canada's serious shortage of geriatrics health professionals, action is required to attract more practitioners, including younger practitioners, to enter the field of geriatric medicine. This plan must be supported by federal and provincial stakeholders and it will require resources to ensure successful implementation.

Another issue discouraging physicians from entering geriatrics is remuneration practices. The standard fee-for-service billing system financially penalizes geriatricians compared to other specialists because geriatricians tend to take more time with each patient to look at the often multiple issues facing a patient in a more holistic and interdisciplinary way. It is important that compensation for physicians working with seniors be comparable to those working in other disciplines.

In addition to the physician shortage, there is a looming nursing shortage, particularly in the geriatric specialty. For example, the number of registered nurses that work within the area of geriatrics/long-term care decreased by 3.5 per cent between 2006 and 2010.[30] As a result, as the need for nurses

[27]Canadian Medical Association. *Specialty Profile: Geriatric Medicine.*
[28]UofT Magazine. Care for the Aged. Summer 2009. Dr. Barry Goldlist, Director of geriatric medicine, University of Toronto.
[29]Special Senate Committee on Aging Final Report. Canada's Aging Population: Seizing the Opportunity. April 2009.
[30]Canadian Institute for Health Information. *Regulated Nurses: Canadian Trends, 2006 to 2010.* January 2012.

increases, including in long-term care, the pool of available nurses has been on the decline. This has been the result of an aging workforce, poor working conditions and heavy workloads. This serves as a disincentive for the retention of nurses.

The nursing profession has also experienced inequities in salary and other working conditions between the hospital sector and the home health care and long-term care sectors. When positions come available in the hospital sector, nurses from home care and long-term care are attracted to move because of compensation disparities, including access to benefits like pensions. This contributes to gaps in continuity of care and reduced morale.[31]

Finally, there are a large range of paramedical providers that are needed to provide quality care for our elderly in long-term care. This includes specialists such as physiotherapists, chiropractors, and nutritionists. The demand for physiotherapy and chiropractic services has increased in the recent years. This increase is attributed to the effects of the aging of the population and shorter stays in health institutions, among other factors. These services are important to improve the quality of life of Canadians, including the elderly. As Canada's population continues to age, the demand for these services is expected to further escalate. As such, ensuring appropriate enrollment numbers for these professionals and adequate resources will be important.

Recommendations

The CLHIA recommends that private delivery of long-term care be encouraged and that governments do not regulate price for private delivery of services. This will act as an incentive to a vibrant private long-term care market in Canada.

The CLHIA recommends that providers of care be subject to appropriate regulation and that, in particular, adequate resources are put towards the supervision of long-term care providers from a patient quality of care perspective.

The CLHIA recommends that federal, provincial and territorial governments support education and outreach campaigns promoting geriatric and gerontological health care professions as career choices, and the funding of residency positions in geriatrics.

The CLHIA recommends that compensation for physicians and nurses that specialize in gerontology be reformed in order to be competitive with those that specialize in other areas of medicine.

The CLHIA recommends that governments invest to ensure an appropriate supply of paramedical providers (e.g., physiotherapists) to meet the long-term care of Canadians.

[31] Registered Nurses' Association of Ontario, http://www.rnaoknowledgedepot.ca/strengthening_nursing/rar_the_nursing_shortage.asp.

Informal Care

The majority of seniors wish to remain in their homes in order to maintain their independence for as long as possible. However, many require some form of assistance or care to stay at home safely and comfortably. Age demographics will result in more Canadians caring for their aged parents and relatives at home as informal caregivers.

Informal caregivers are individuals who provide ongoing care and assistance, without pay, for family members and friends in need of support due to physical, cognitive, or mental conditions. Informal caregivers play a crucial role in maintaining the health, well-being, functional independence and quality of life of people living in the community who are otherwise at risk of losing their independence. In particular, informal care can assist with:

- instrumental activities of daily living (e.g., transportation, meal preparation, shopping, housekeeping, home maintenance and medication management);
- activities of daily living (e.g., bathing, toileting, eating, locomotion and personal hygiene); and
- formal service coordination and management (e.g., navigating the health system, linking individuals to services and coordinating multiple services from diverse and multiple providers for those with complex needs).

Many of those who provide informal care to older Canadians are spouses and adult children although roughly one-third of caregivers are friends, extended family and neighbours. Informal caregivers are mostly aged 45 and older and represent about 2.7 million Canadians.[32] They provide approximately 80 per cent of the care needs for people with chronic health issues and contribute an estimated economic value of $25 billion.[33] Importantly, informal caregivers provide assistance in addition to the demands they face in their own daily life related to work and family, which adds to the often demanding nature of the role. Given the demographics of Canadians, it is clear that a growing number of older people will place greater demands on the long-term care system, including informal caregiving. While new generations of older Canadians may be relatively active and healthy in comparison to past generations, they are nevertheless more prone to multiple and chronic ailments.

Compassionate care benefits protect an employee's position and through employment insurance pays up to 6 weeks of leave to provide end-of-life care to a family member, extended family or close friend or neighbor. The federal government offers several tax credits options depending on individual circumstances. The provinces and territories offer a variety of tax credit programs where the eligibility and total amounts vary depending on factors such as age, relationship with care receiver, time spent caring and income. However, we believe that the current benefits available are not sufficient to appropriately support caregivers and the costs they incur in caring for a loved one. Therefore, policy action must be taken to provider greater support to caregivers and must recognize the challenges

[32] Canadian Research Network for Care in the Community. *Backgrounder: Informal Caregiving.*

[33] The Canadian Research Network for Care in the Community. The costs associated with providing informal care include personal/social costs, physical health costs, psychological costs and economic costs.

experienced by caregivers, both financially and emotionally, and those being cared for to ensure neither will experience undue financial setbacks.

Respite services provide an important break to caregivers through a range of services such as adult day care, in-home respite care, and overnight or longer-term respite stays in facilities. While many Canadians have access to respite programs, the availability and accessibility vary widely across the provinces. In addition, caregivers may have limited support to help them to identify and meet their needs. Given the critical role they play, greater access to respite services and support services in general would benefit informal caregivers, those being cared for and the health care system.

Recommendations

The CLHIA recommends that federal provincial and territorial governments provide greater tax relief for Canadians that incur expenses to support the long-term care needs of others through informal care. This could include allowing tax credits for expenses incurred to provide informal care.

The CLHIA recommends that federal, provincial, territorial governments and stakeholders work collaboratively to provide greater access to and awareness of respite care services for informal caregivers to help manage the important and challenging role they play. Private delivery of these services will help to address shortages being faced.

Unlocking the Power of Volunteerism

The baby boomer generation represents a very large potential pool of energetic and capable human resources to help provide support to individuals and their communities. This can be through volunteering or through continued paid work. Seniors themselves benefit from a strong voluntary sector both as contributors and beneficiaries.

Given the aging demographics of Canada it is reasonable to expect that there will be a growing number of seniors that will want to remain active and will be looking for ways to help others. For example, in Canada, Meal on Wheels is a not-for-profit organization that has the objective of helping people live independently in their own homes. To this end, volunteers play a significant role by delivering meals and providing transportation to essential appointments with physicians and health care professionals. In the U.S., we have started to see private companies spring up based on this principle. For instance, a company in the U.S., Seniors Helping Seniors, matches seniors who want to provide help with seniors who are looking for help. The company started in 1998 with a concept that seniors can help each other age better and that those who give and those who receive benefit equally.

Canada needs to ensure that we encourage and promote an active senior volunteer infrastructure as a means to mitigate against some of the expected shortages outlined above. Governments could encourage volunteerism by providing special tax incentives to recognize seniors that volunteer to provide in-home care. This approach would benefit all participants by allowing those providing care to

remain active in the community while those receiving the care would benefit from the support received. In addition, in-home care is cost effective and would help to relieve the capacity pressures that are and will continue to face the long-term care system.

Recommendation

The CLHIA recommends that federal, provincial and territorial governments along with stakeholders promote volunteerism, particularly among seniors, to assist those that require long-term care. This could include introducing tax credits for such volunteering.

6. ENCOURAGE HEALTH AND WELLNESS PROMOTION

Staying healthy for longer and avoiding the need for additional support is in everyone's interests. Not only does this maximize the individual's life satisfaction but it can contribute to lower costs on the health care system, including long-term care, thereby lowering the impact of costs on all payers.

Health promotion programs focus on educating individuals about how to increase control over and improve their health in a variety of areas. This can include improving knowledge related to nutrition, physical activity, and mental health. Wellness programs--a type of health promotion program--involve all aspects of the individual: mental, physical, and spiritual. Both types of programs provide structured opportunities to increase knowledge and skills in specific areas, such as stress management, or environmental sensitivity. They also provide a supportive environment for the emotional and intellectual needs of participants, and aid individuals in becoming increasingly responsive to their health needs and quality of life.

Health promotion has gained increasing attention in recent years. Indeed, in the CLHIA's 2009 health policy paper, it was recommended that governments support more health promotion policies and provide more assistance to health promotion programs. The CLHIA strongly believes this would also be beneficial in the context of long-term care.

Healthy aging is being promoted across Canada through the implementation of programs and initiatives by government departments, health regions and local organizations for seniors living in the community. However, there is significant variation across jurisdictions. Coordinated efforts and standards across jurisdictions would lead to greater harmonization of policies to encourage healthy aging for Canadians regardless of their place of residence.

Recommendation

The CLHIA recommends that federal, provincial and territorial governments support more health and wellness promotion policies and provide more direct assistance as a means to encourage healthy aging of Canadians.

CONCLUSION

Canadians and governments are facing a large funding shortfall for long-term care cost over the next 35 years. Structural reform is critical and will free up capacity for governments to re-invest in important measures that will better support long-term care and improve patient outcomes in Canada. This paper lays out a number of areas that require government and stakeholder focus and action to ensure quality and sustainable long-term care for Canadians.

The life and health insurance industry feels strongly that the time for reform is now in order to prepare for the needs that long-term care will face. Our industry stands ready to play an important role in supporting governments and stakeholders in the reforms that will prepare the long-term care system to meet future demands.

Annex 1: Summary of Assumptions and Methodology for Estimates of Long-term Care Costs

Assumptions

Issue	Assumption	Source/Rationale
Baby boomer generation life expectancy.	Baby boomers will be through old age by 2047.	The last baby boomers were born in 1962. We assume that they will live for an additional 20 years to the age of 85, thereby providing a time period of 35 years.
Population projections.	Annual population growth of 0.09 per cent.	Human Resources and Skills Canada calculations based on Statistics Canada data. http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=33
Population over 65.	Percentage of the population over the age of 65 will increase from 14.9 per cent in 2012 to 24.5 per cent in 2047.	Human Resources and Skills Canada calculations based on Statistics Canada data. http://www4.hrsdc.gc.ca/.3ndic.1t.4r@-eng.jsp?iid=33
Percentage of population over 65 in long-term care.	7 per cent.	Sun Life Financial. http://www.sunlife.ca/Plan/Health/Long+Term+Care+Insurance+-+Do+I+need+it?vgnLocale=en_CA
Percentage of population over 65 using home care.	10 per cent.	Canadian Home Care Association report, *Access to Quality Health Care: The Home Care Contribution*. April 2011.
Acute care beds used for long-term care.	7,550.	Dr. Jeffrey Turnbull, President, Canadian Medical Association, February 2011.
Cost for long-term care per month.	$3,780.	North East LHIN. (2011) HOME First Shifts care of Seniors to HOME. LHINfo Minute, Northeastern Ontario Health Care Update. http://www.nelhin.on.ca/WorkArea/showcontent.aspx?id=11258.
Cost of home care per month.	$1,260.	North East LHIN. (2011) HOME First Shifts care of Seniors to HOME. LHINfo Minute, Northeastern Ontario Health Care Update. http://www.nelhin.on.ca/WorkArea/showcontent.aspx?id=11258.
Cost of an acute care bed used for long-term care per month.	$25,260.	North East LHIN. (2011) HOME First Shifts care of Seniors to HOME. LHINfo Minute, Northeastern Ontario Health Care Update. http://www.nelhin.on.ca/WorkArea/showcontent.aspx?id=11258.
Inflation rate of long-term care costs.	3 per cent.	Based on inflation for health care services reported by Statistics Canada. http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/econ161a-eng.htm
Discount rate for NPV calculation.	4.5 per cent.	Based on 30-year Government of Canada bond rates.
Government funding of Long-term Care	Includes government funding of long-term care facilities and home care, plus the cost of care provided in hospitals.	Canadian Institute for Health Information (*National Health Expenditure Trends, 1975 to 2011*, *Monitoring the Feasibility of Reporting Home Care Estimated in National Health Expenditure)* and CLHIA calculations.

Methodology

Total Long-term Care Costs

Long-term care costs were calculated over the period 2012 to 2047 based on the forecasted life expectancy of baby boomers. Total estimated costs consist of long-term care provided through: a) hospitals, b) long-term care facilities, and c) home care. These components were calculated as follows:

a) *Care in Hospitals = number of seniors receiving care * cost * inflation.*
b) *Care in long-term care facility = number of seniors receiving care * cost * inflation.*
c) *Home Care = number receiving care * cost * inflation.*

Each component was calculated as the sum of future cash flows over the expected time period and then discounted to provide costs in current dollars. The three components were aggregated to provide a total estimated long-term care cost of roughly $1.2 trillion.

Public Expenditure and Funding Shortfall

Public expenditure on long-term care costs was calculated as including the current level of government support provided to long-term facilities and home care. We also included costs of long-term care treatment being provided in hospitals. We assume that this level of support would increase at the rate of inflation over the time period examined (i.e., without any new programs or any significant increases in funding). This provides total estimated government funding of $595 billion. The funding shortfall of roughly $590 billion is the difference between estimated total long-term care costs of $1.2 trillion and government funding of $595 billion.

Savings from Structural Change

In order to calculate savings from structural change we assume that long-term care will not be provided in hospitals. These patients are assumed to be transitioned to more appropriate long-term care treatments (i.e., in long-term facilities and home care), which would save the system approximately $77 billion. We assume that 20 per cent of the resulting individuals will be moved out of long-term care institutions and will receive treatment through home care, which would provide additional savings of about $62 billion. Together, these changes are estimated to save about $139 billion over the time period examined.

Required tax increases to close the shortfall

In order to estimate the required increase in taxes to close the funding shortfall, we calculated the funding shortfall per year between 2012 and 2047 as per above. We then estimated the total personal and corporate tax revenues for all levels of government in Canada using Statistics Canada data over that same period. The percentage increase in required taxes from all levels of government over that period was calculated by dividing the total long-term care shortfall by total forecast government tax revenues.

Annex 2: List of CLHIA's Recommendations to Improve the Sustainability, Accessibility and Quality of Long-term Care in Canada

1. Structural Reform to Address the Funding Shortfall

- The CLHIA recommends the federal and provincial and territorial governments set a target to eliminate the backlog of Canadians in acute care hospital bed waiting for long-term care facilities and a target of transitioning 20 per cent of those in long-term care facilities to a more appropriate home care setting over the next decade in order to generate savings which can then be reinvested into the long-term care system.

2. Encourage Canadians to Save for Long-term Care

- The CLHIA recommends that governments introduce a tax credit against the long-term care insurance policy premiums of qualified long-term care insurance.

- The CLHIA recommends that federal, provincial and territorial governments in collaboration with key stakeholders develop an awareness campaign to educate Canadians on the responsibility they will have for funding their own long-term care needs as well as the existing options available to them. This could be rolled out in conjunction with a subsidy offered by governments to promote self-funding of long-term care.

3. Patient Centered Approach to Long-term Care

- The CLHIA recommends that a patient centered approach form the core of Canada's approach to long-term care service delivery. Any funding of long-term care should be directed to individuals rather than funding institutions directly.

- The CLHIA recommends that Canadians be empowered to make choices under a patient centered care approach, including whether to obtain care at home or in an institution setting.

4. Long-term Care as a Continuum

- To the extent that governments are involved in the funding of long-term care facilities, the CLHIA recommends that future funding be prioritized to organizations that offer the full range of long-term care services themselves, or that can demonstrate that they effectively and efficiently integrate with organizations across the continuum of care.
- The CLHIA recommends that patient advocates be created that can act as a point of contact for those seeking long-term care and to help them more effectively navigate the system.

5. Ensure Sufficient Capacity of Long-term Care

- The CLHIA recommends that private delivery of long-term care be encouraged and that governments do not regulate price private delivery of services. This will act as an incentive to a vibrant private long-term care market in Canada.

- The CLHIA recommends that providers of care be subject to appropriate regulation and that, in particular, adequate resources are put towards the supervision of long-term care providers from a patient quality of care perspective.

- The CLHIA recommends that federal, provincial and territorial governments support education and outreach campaigns promoting geriatric and gerontological health care professions as career choices, and the funding of residency positions in geriatrics.

- The CLHIA recommends that compensation for physicians and nurses that specialize in gerontology be reformed in order to be competitive with those that specialize in other areas of medicine.

- The CLHIA recommends that governments invest to ensure an appropriate supply of paramedical providers (e.g., physiotherapists) to meet the long-term care of Canadians.

- The CLHIA recommends that federal, provincial and territorial governments provide greater tax relief for Canadians that incur expenses to support the long-term care needs of others through informal care. This could include allowing tax credits for expenses incurred to provide informal care.

- The CLHIA recommends that federal, provincial and territorial governments and stakeholders work collaboratively to provide greater access to and awareness of respite care services for informal caregivers to help manage the important and challenging role they play. Private delivery of these services will help to address shortages being faced.

- The CLHIA recommends that federal, provincial and territorial governments along with stakeholders promote volunteerism, particularly among seniors, to assist those that require long-term care. This could include introducing tax credits for such volunteering.

6. Encourage Health and Wellness Promotion

- The CLHIA recommends that federal, provincial and territorial governments support more health and wellness promotion policies and provide more direct assistance as a means to encourage healthy aging of Canadians.

CANADIAN LIFE AND HEALTH INSURANCE ASSOCIATION
ASSOCIATION CANADIENNE DES COMPAGNIES D'ASSURANCES DE PERSONNES

www.clhia.ca
www.accap.ca

Toronto • Montréal • Ottawa